

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7275

BILL NUMBER: HB 1544

NOTE PREPARED: Mar 4, 2003

BILL AMENDED: Mar 3, 2003

SUBJECT: School Corporation Collective Bargaining.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR: Sen. Server

BILL STATUS: As Passed - House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill beginning July 1, 2005, specifies additional subjects of and sets conditions for collective bargaining between the exclusive representative for certificated educational employees and the school employer. It adds final offer mediation-arbitration as an alternative method of collective bargaining for education personnel.

Effective Date: (Amended) July 1, 2005.

Explanation of State Expenditures: (Revised) The net impact on IEERB of the mediation-arbitration provisions is estimated to be about \$183,345 in additional costs each year starting with FY 2006 based on current costs. If mediator costs, travel costs, or per diem allowances increase over the next 2 years, the cost would be higher.

Background on IEERB Expenses: Based on the 306 teacher bargaining units that may currently bargain collectively, the estimated increase in expenses would be about \$183,345 per year. This amount is based on the projected cost of mediation services multiplied by the expected number of mediations required per year. These estimates assume that this option will be used by approximately 25% of the eligible bargaining units (based on current practice). Usage below this level could decrease the net costs resulting from this bill.

The cost of a mediator is conservatively estimated at currently \$375 per day. The average number of days per case, given the bill's seven-day limit on the actual mediation, would be approximately 11 days (7 for mediation, 1 for hearings, 2 for writing, and 1 for travel). Additional expenses per case include travel (\$112 per case), lodging (\$520 per case), and per diem allowance (\$208 per case). This results in a total expense of \$4,965 per case. The agencies expense for mediation currently is about \$1,370. The net increase per case

is \$3,595.

Of the 306 teacher units that may bargain using final offer mediation-arbitration, about 66% of these parties have not reached agreements over the past ten years without using current impasse procedures. As 25% of these units are expected to use the mediation-arbitration process, the annual projected number of cases is 51 (306 x 66% x 25%). This results in a projected cost of about \$183,345 per year (51 cases x \$3,595 per case). The projected cost would increase if the addition of items to the collective bargaining process increased the percentage of parties not reaching agreement to above the 66% figure used in the estimates.

(Note: This analysis assumes that arbitrators can be obtained at \$375 per day. Due to the small number of people in Indiana qualified as arbitrators, the relative pay rate compared with other states, and the time lines required by this proposal, \$375 per day may be too low to attract the necessary number of arbitrators. Arbitrators in other states are reported to receive at least \$450 per day with more experienced arbitrators receiving \$500 to \$750 each day. The actual fiscal impact of this provision would also depend upon the average payment necessary to attract a sufficient number of arbitrators.)

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Currently, certain topics are required to be discussed but not bargained collectively during the bargaining process. The following items are currently required to be discussed with the exclusive representative of certified employees and under the bill would be collectively bargained:

- (1) Working conditions, other than those provided in section 4 of this chapter.
- (2) Curriculum development and revision.
- (3) Textbook selection.
- (4) Teaching methods.
- (5) Hiring, promotion, demotion, transfer, assignment, and retention of certificated employees, and changes to any of the requirements set forth in IC 20-6.1-4.
- (6) Student discipline.
- (7) Expulsion or supervision of students.
- (8) Pupil-teacher ratio.
- (9) Class size or budget appropriations.

The collective bargaining of the additional items could increase school cost by an unknown amount.

The addition of final offer mediation-arbitration as an alternative method of collective bargaining for education personnel could reduce school collective bargaining administrative expenses. Some school have attorneys on retainer for collective bargaining negotiations. A reduction in the time involved in the collective bargaining process could result in savings for legal expenses.

Explanation of Local Revenues:

State Agencies Affected: IEERB; State Educational Institutions.

Local Agencies Affected: School Corporations.

Information Sources: Dennis Neary, IEERB, (317) 233-6620.

Fiscal Analyst: Chuck Mayfield, 317-232-4825